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NEW ISSUE

Measuring Employment and Unemployment

Catalogue No. 6279.0

The Labour Force Survey

Each month the Australian Bureau of Statistics (ABS) releases numbers of employed and unemployed persons amongst its extensive range of key economic data. This information is gathered from a monthly survey of households, called the Labour Force Survey.

The Labour Force Survey is based on a multi-stage area sample of private dwellings and a list sample of non-private dwellings (e.g. hotels, motels, and caravan parks). The information is obtained from the occupants of the selected dwellings by carefully chosen and specially trained interviewers.

Interview week

Interviews are generally conducted during the two weeks beginning on the Monday between the 6th and 12th of each month. The information obtained relates to the week before the interview (the reference week).

Who is asked?

Survey information is used to ascertain the labour force status of the population aged 15 and over, except for the permanent defence forces, diplomatic and defence personnel from overseas countries, and overseas residents in Australia. The labour force category to which a person is assigned depends on his/her actual activity (i.e. whether working, looking for work etc.) during the reference week.

Information collected

Socio-demographic information is also collected so that the labour force can be analysed by sex, age, marital status, geographic region, participation in school and tertiary education, birthplace, period since arrival in Australia, industry, occupation, hours worked, average hours, whether employed full time or part time, whether looking for full or part-time work, whether would prefer to work more hours, duration of unemployment and family status.

As many labour market measures are subject to strong seasonal variations, seasonally adjusted estimates are provided for the main series each month along with the original (unadjusted) series. In addition, trend estimates are provided which remove any highly variable (non-seasonal) influences and thereby enable the underlying behaviour of series over time to be identified.

Survey results

Preliminary estimates from the survey are released fourteen working days after interviewing is completed. The preliminary estimates of employment and unemployment (for Australia and each State/Territory) are released in *The Labour Force, Australia, Preliminary* (6202.0). More detailed information is included in the final publication *The Labour Force, Australia* (6203.0).

Supplementary surveys

In addition to the preliminary and final publications, there is a range of material available in the form of standard and special tabulations and microfiche. This information provides much greater levels of detail, including for specified geographic regions within each State.

As well as the core set of questions asked each month from which the employment and unemployment measures are derived, the ABS also includes in individual Labour Force Surveys some additional questions on selected labour market related topics. During 1991, these 'supplementary surveys' cover additional information on such topics as:

- Labour Mobility;
- Labour Force Status and Educational Attainment;
- Labour Force Experience;
- Persons Who Have Left the Labour Force;
- Transition from Education to Work;
- Underemployed Workers;
- Job Search Experience of Unemployed Persons;
- Employment Benefits;
- Weekly Earnings of Employees;
- Multiple Jobholding;
- Persons Not in the Labour Force;
- Participation in Education;
- Superannuation.

The results of each of these supplementary surveys are published by the ABS within a few months of the survey being conducted.

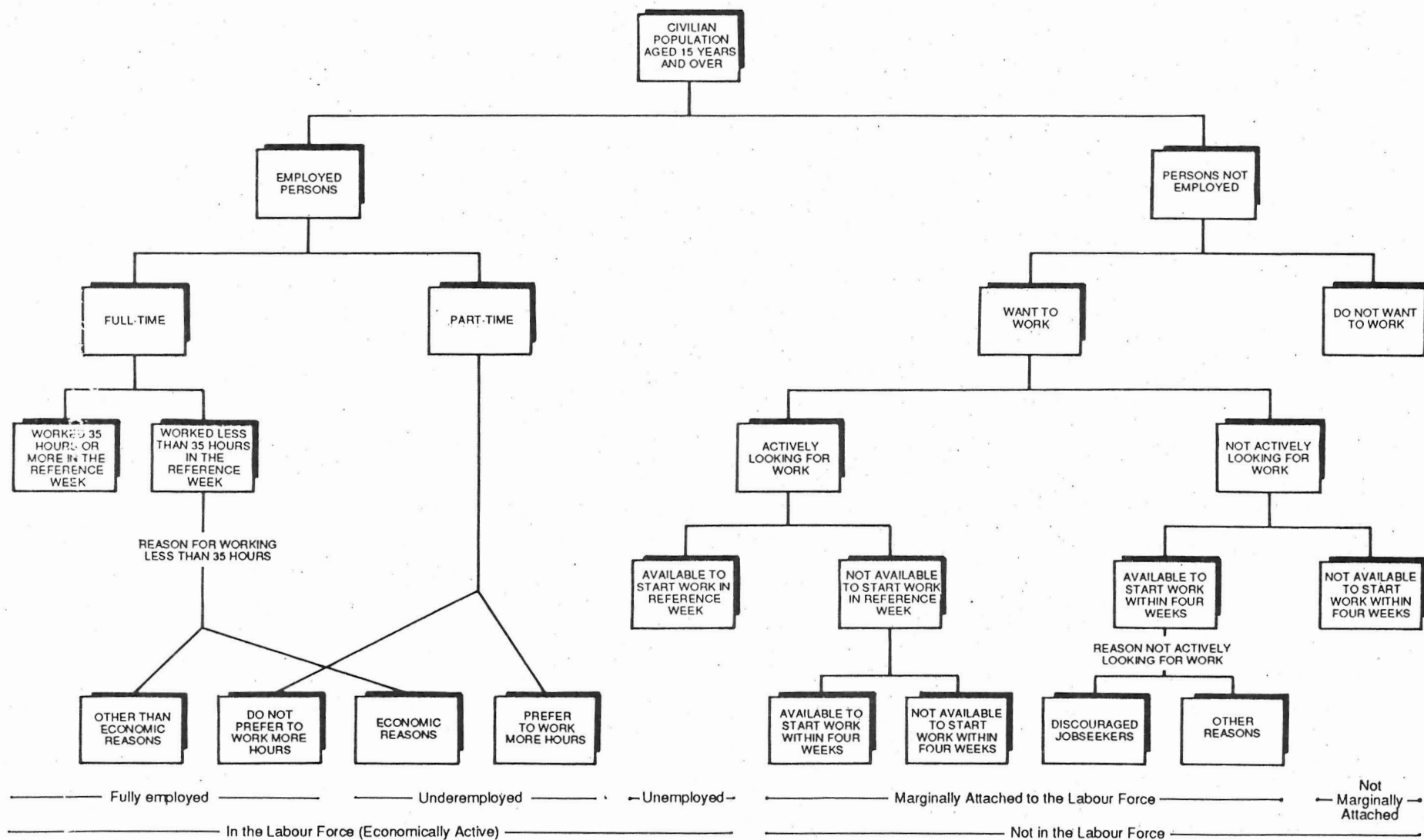
The Australian labour force framework

The dynamic structure and characteristics of the labour market require a labour force framework which enables policy analysts and others to respond to evolving socio-economic conditions and policy concerns. The array of data available from the monthly Labour Force Survey and its supplementary surveys supports the conceptual framework set out in Diagram 1. Such a framework enables issues such as underemployment, and the transition from education to work to be analysed in depth.

The Australian Bureau of Statistics closely follows the international standards set out by the International Labour Organisation (ILO) for measuring employment and unemployment. The ILO convenes the International Conference of Labour Statisticians (ICLS) periodically to discuss and reach conclusions upon concepts and definitions and to ensure international comparability as far as possible. Australia is an active participant in ICLS meetings. The international standards relating to employment and unemployment were reviewed most recently by the 13th ICLS in 1982. To a large extent the current definitions are as adopted by the 8th ICLS (1954).

Information on the labour force concepts and definitions used by the ABS, including a glossary of terms, is provided each month in *The Labour Force, Australia* (6203.0). Some of the key definitions are given on page 4.

DIAGRAM 1. THE AUSTRALIAN LABOUR FORCE FRAMEWORK



Key definitions

Labour force status	This is the measure which classifies the population aged 15 and over according to whether they are employed, unemployed, or not in the labour force.
Employed	<p>Employed persons are persons aged 15 and over who, during the reference week:</p> <ul style="list-style-type: none">(a) worked for one hour or more for pay, profit, commission or payment in kind in a job or business, or on a farm (comprising employees, employers and self-employed persons);(b) worked for one hour or more without pay in a family business or on a farm (i.e. unpaid family helpers);(c) were employees who had a job but were not at work and were: on paid leave; on leave without pay for less than four weeks up to the end of the reference week; stood down without pay because of bad weather or plant breakdown at their place of employment for less than four weeks up to the end of the reference week; on strike or locked out; on workers' compensation and expected to be returning to their job; or receiving wages or salary while undertaking full-time study;(d) were employers, self-employed persons or unpaid family helpers who had a job, business or farm, but were not at work.
Full-time and part-time workers	<p>Full-time workers are employed persons who usually worked 35 hours or more a week (in all jobs) and others who, although usually working less than 35 hours a week, worked 35 hours or more during the reference week.</p> <p>Part-time workers are employed persons who usually worked less than 35 hours a week and who did so during the reference week.</p>
Unemployed	<p>Unemployed persons are persons aged 15 and over who were not employed during the reference week, and:</p> <ul style="list-style-type: none">(a) had actively looked for full-time or part-time work at any time in the four weeks up to the end of the reference week and were:<ul style="list-style-type: none">(i) available for work in the reference week, or would have been available except for temporary illness (i.e. lasting for less than four weeks to the end of the reference week);(ii) waiting to start a new job within four weeks from the end of the reference week and would have started in the reference week if the job had been available then;(b) were waiting to be called back to a full-time or part-time job from which they had been stood down without pay for less than four weeks up to the end of the reference week (including the whole of the reference week) for reasons other than bad weather or plant breakdown.
Not in the labour force	Persons are defined to be not in the labour force if they were neither employed nor unemployed, as defined.
Participation rate	The labour force, expressed as a proportion of the population aged 15 and over, for either the whole population or a defined group.

Some current issues

As a result of the steep growth in unemployment during 1990 and 1991, there has been an increase in public comment on the meaning and measurement of employment, unemployment and underemployment. This section provides answers to six questions which are often raised in this context.

1. Are CES registrations a reliable measure of unemployment?

The Commonwealth Employment Service (CES) collects data on CES registrants who claim to be unemployed and who are awaiting placement (UAP) in full-time work. Such data are frequently quoted as an alternative measure of unemployment.

As an indicator of the number of persons not working and actively seeking employment, the CES register has a number of deficiencies. The UAP data are based on records of registrations held in CES offices. While the CES removes individuals from the register when it becomes aware that they are no longer seeking work, registrants do not always inform the CES when this is the case. Hence persons who register with the CES, and who then subsequently find a job or leave the labour force but do not advise the CES, will continue to be counted for some time.

There are other important deficiencies. At times when the demand for CES services is increasing the CES is less able to keep the administrative records up to date, although some initiatives have been introduced in recent years to improve administrative procedures. Not all people seeking employment register with the CES, but the proportion who do so is, itself, a function of labour market conditions. Finally, the numbers on the CES register of job seekers vary over time not just as a result of changes in labour market conditions, but also because of variations in administrative procedures and amendments to legislation.

For these reasons, most analysts accept that *CES data are neither an accurate measure of the level of unemployment nor a reliable indicator of changes in unemployment*. In recognition of these limitations, the Government decided in 1978 to recognise the Labour Force Survey estimates as the 'official' measure of unemployment in Australia.

2. Can unemployment be measured by numbers receiving Job Search/Newstart Allowance?

The Department of Social Security (DSS) compiles statistics of persons who receive Job Search Allowance (for persons unemployed for less than 12 months) and Newstart Allowance (for persons unemployed for more than 12 months). These statistics are useful in their own right but *they do not provide an accurate measure of the number of unemployed persons*. Many unemployed persons do not receive an allowance (e.g. because their spouse is employed) and many persons receiving an allowance are not unemployed (e.g. because their earnings from part-time employment are not sufficient to exclude them from an allowance).

3. Are persons who undertake unpaid work counted as employed?

In measuring labour force status, the Labour Force Survey counts as employed those who are economically active, using the concept of economic activity as defined by the System of National Accounts (SNA). For this reason, employees, employers and self-employed persons are only regarded as 'employed' if, during the reference week, they work for one hour or more for pay, profit, commission or payment in kind in

a job or business, or on a farm. For the same reason the SNA does not include activities such as unpaid domestic work and voluntary community services within the scope of economic production (gross domestic product), the Labour Force Survey does not count persons engaged in these activities as 'employed'.

The definition of employed persons does, however, include 'unpaid family helpers' i.e. those who, during the reference week, worked for one hour or more without pay in a *family* business or on a farm.

The reason for this is that remuneration arrangements generally differ in employment situations where a family business operates. While sometimes not receiving payment in cash, such persons will generally receive some benefit in kind.

It is for this reason that unpaid family helpers are included in the ILO definition of 'employed persons': they are persons who performed some work for family gain, in cash or in kind.

The inclusion or exclusion of unpaid family helpers does not significantly affect the total number of employed persons in Australia, but is of much greater importance in some other countries. For example, in 1988 such workers represented over 9 per cent of civilian employment in Japan, compared with less than 1 per cent in Australia.

In April 1991, only 0.9 per cent of employed persons in Australia were unpaid family helpers. The reported average hours worked by these people was 18.2 hours, with 65 per cent of them reporting having worked less than 15 hours.

Any persons who are doing unpaid work other than as family helpers are not regarded as employed. Thus volunteer workers and persons on work experience placements from an educational institution, would not on that account be regarded as 'employed'.

4. Are you employed if you do just one hour's work?

The definition of employment is based on the criterion of having worked for one hour or more for pay, profit or commission, or without pay in a family business. The 'one-hour' criterion is consistent with ILO standards, and serves to ensure that all persons whose employment contributes to aggregate production as defined in the SNA are counted as 'employed'.

However, to ensure that the size, composition and aspirations of the part-time component of the labour force are understood, each month the ABS compiles and publishes statistics on *the number of hours worked by part-time workers; whether they would prefer to work more hours; whether they have taken active steps in the previous four weeks to look for full-time work; and the average and total hours worked by part-time and full-time workers in various categories.*

In April 1991, 14 per cent of those who worked part-time hours actually worked between one and five hours per week during the reference week (with seven in ten of them preferring not to work any more hours). Table 1 below shows the hours worked, sex and part-time workers' preference for working more hours.

Table 1. Part-time workers: whether preferred to work more hours, by hours worked, April 1991 ('000)

	Hours worked by persons who worked in the reference week						Persons who did not work in the reference week	Total
	1-5	6-10	11-15	16-20	21-29	30-34		
MALES								
Total	62.6	96.7	51.8	66.8	62.6	48.8	31.2	420.5
Preferred not to work more hours	42.4	64.0	34.7	41.4	38.2	33.3	23.3	277.2
Preferred to work more hours	20.2	32.8	17.1	25.4	24.4	15.6	7.9	143.3
Had actively looked for full-time work in the four weeks to the end of the reference week	9.4	18.5	9.1	12.4	10.7	5.9	* 2.4	68.3
MARRIED FEMALES								
Total	108.2	162.6	138.0	177.0	162.5	77.1	104.6	930.2
Preferred not to work more hours	84.9	128.9	113.1	152.0	142.8	70.5	94.0	786.2
Preferred to work more hours	23.3	33.7	24.9	25.0	19.8	6.6	10.7	144.0
Had actively looked for full-time work in the four weeks to the end of the reference week	4.9	7.9	7.7	4.7	5.6	* 1.3	* 1.4	33.6
ALL FEMALES								
Total	176.6	254.7	193.7	239.6	224.5	111.1	134.7	1,335.0
Preferred not to work more hours	130.7	198.4	150.2	191.0	181.4	94.6	114.1	1,060.4
Preferred to work more hours	46.0	56.3	43.5	48.6	43.1	16.6	20.5	274.6
Had actively looked for full-time work in the four weeks to the end of the reference week	13.2	17.3	17.1	14.6	15.4	5.7	4.4	87.7
PERSONS								
Total	239.2	351.4	245.5	306.4	287.1	160.0	165.8	1,755.5
Preferred not to work more hours	173.0	262.4	184.9	232.4	219.6	127.8	137.4	1,337.6
Preferred to work more hours	66.2	89.0	60.6	74.0	67.5	32.1	28.4	417.9
Had actively looked for full-time work in the four weeks to the end of the reference week	22.6	35.8	26.2	26.9	26.0	11.7	6.8	155.9

* Subject to sampling variability too high for most practical uses. See paragraph 6 of the Technical Note in 6203.0. Source: *The Labour Force, Australia* (6203.0)

In April 1986, the ABS implemented a change in definition of employed persons to align its survey more closely with the international standards. Prior to that time, unpaid family helpers working less than 15 hours per week had not been included as employed persons. The effect of the change was a small discontinuity in some series which is shown in published material. The major aggregates, on both bases, for March 1986 are shown in Table 2. In total, the adjustments to the estimates of employed and unemployed persons were an increase of 34,800 and a decrease of 5,300, respectively.

Table 2. Civilian labour force: seasonally adjusted series, effect of change of definition of employed persons, March 1986.

	Employed		Unemployed						
	Full-time workers	Total	Looking for full-time work		Looking for part-time work	Total	Labour force	Unem- ployment rate	Partici- pation rate
			Aged 15-19 looking for first job	Total					
	—'000—							— per cent—	
Males									
<i>Old definition</i>	3,926.9	4,198.8	28.0	305.9	33.5	339.3	4,538.1	7.5	76.0
New definition	3,926.9	4,209.3	27.7	303.1	33.4	336.5	4,545.8	7.4	76.2
Married Females									
<i>Old definition</i>	878.7	1,604.0	n.a.	54.2	43.2	97.4	1,701.4	5.7	46.6
New definition	878.7	1,621.3	n.a.	53.9	43.0	96.9	1,718.2	5.6	47.0
Females									
<i>Old definition</i>	1,687.3	2,680.3	25.2	174.9	79.0	253.9	2,934.2	8.7	47.7
New definition	1,687.3	2,704.6	24.6	173.0	78.4	251.4	2,956.0	8.5	48.0
Persons									
<i>Old definition</i>	5,614.2	6,879.1	53.2	480.8	112.4	593.2	7,472.3	7.9	61.6
New definition	5,614.2	6,913.9	52.3	476.1	111.8	587.9	7,501.8	7.8	61.9

5. Is the sample too small to provide accurate information?

The Labour Force Survey obtains information from more than 70,000 persons each month through a sample of about 31,000 private dwellings and a further sample of non-private dwellings (including hotels, motels and caravan parks). The survey is designed and the sample is selected in such a way that each dwelling in a State or Territory has the same chance of selection and the probability of selection is known.

One measure of the statistical accuracy of the estimates is the standard error. Each month the standard errors of labour force estimates are published with the survey estimates (see, for example, the Technical Note in *The Labour Force, Australia* (6203.0)).

For April 1991 the estimated standard error of the total number of employed persons was 22,800 (i.e. 0.3% of the estimate). This means that there is a 95 per cent probability that the true number of employed persons was within the range 7,750,500 \pm 45,600. For the estimate of unemployed persons, the standard error was 10,400 (1.2%), which means there is a 95 per cent probability that the number of unemployed persons was within the range 856,300 \pm 20,800.

The Labour Force Survey sample is by far the largest household survey conducted by the ABS. While each month the ABS cautions users to take care with the interpretation of month-to-month movements the ABS is confident that, taking one month with another, this survey reliably reflects labour market levels, movements and trends.

6. Can a full-time student be employed or unemployed?

The definitions of employment and unemployment are applied in exactly the same way to students as they are to all other persons aged 15 and over in the population. They recognise that many students obtain or seek employment while others do not become economically active while pursuing their studies.

A student enrolled full time at an educational institution may also be employed part time or even full time (if he or she worked 35 hours or more in the reference week, or usually did so). Alternatively a full-time student may be actively looking for and available to commence work, in which case he or she will be counted as 'unemployed'.

In April 1991, over 53 per cent of students who were attending a tertiary educational institution full time were classified as in the labour force i.e. either 'employed' or 'unemployed'.

Because of the special interest in the labour force status and participation in education of young people, ABS monthly publications contain detailed tabulations of labour force status and educational attendance of persons aged 15 to 24 years. Table 3 presents data for persons aged 15-19 years.

Further information

Inquiries

For further information about the Labour Force Survey or the availability of labour force data products and services, contact Ivan Neville on Canberra (06) 252 6565 or any ABS State office.

Related publications

The following publications which relate to the labour force are available on request:

The Labour Force, Australia, Preliminary (6202.0) — issued monthly
The Labour Force, Australia (6203.0) — issued monthly
Labour Statistics, Australia (6101.0) — issued annually
Information Paper: Questionnaires Used in the Labour Force Survey (6263.0)
Information Paper: Labour Force Survey — Sample Design (6269.0)
Information Paper: Labour Force Survey — Measuring Teenage Unemployment (6270.0)

Current publications produced by the ABS are listed in the *Catalogue of Publications and Products, Australia* (1101.0). The ABS also issues, on Tuesday and Fridays, a *Publications Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue and Publications Advice are available from any ABS office.

Unpublished statistics

In some cases, the ABS can also make available information which is not published. This information may be made available in one or more of the following forms: floppy disk, microfiche, photocopy, data tape, computer printout, manually-extracted tabulation. In general, a charge is made for providing unpublished information. Inquiries should be made to Don Clark on Canberra (06) 252 6525 or any ABS State office.

Electronic services

DISCOVERY: key *656# for selected current economic, social and demographic statistics.

PC-AUSSTATS: thousands of up-to-date time series are available on this ABS on-line service. For further information phone the PC-AUSSTATS Help Desk on (06) 252 6017.

TELESTATS: this service provides:

- foreign trade statistics tailored to users' requirements. Further information is available on (06) 252 5404.
- text and tables for selected Main Economic Indicator publications. Further information is available on (06) 252 5405.

Other services

For information about other ABS statistics and services please contact Information Services on Canberra (06) 252 6627, 252 5402, 252 6007 or any ABS State Office.

IAN CASTLES
Australian Statistician
August 1991

Table 3. Labour force status of the civilian population aged 15 to 19: April 1991

	Employed		Unemployed			Labour force	Not in labour force	Civilian population aged 15-19	Unemployment rate —per cent—	Participation rate
	Full-time workers	Total	Looking for full-time work	Looking for part-time work —'000—	Total					
ATTENDING NEITHER SCHOOL NOR A TERTIARY EDUCATIONAL INSTITUTION FULL TIME (a)										
Males	180.0	208.1	59.3	* 3.0	62.3	270.4	15.3	285.7	23.0	94.7
Females	126.8	169.3	41.8	* 3.1	44.9	214.2	29.9	244.0	21.0	87.8
Persons	306.8	377.4	101.1	6.1	107.1	484.6	45.1	529.7	22.1	91.5
Left school—										
Before 1989	139.0	158.9	39.1	* 3.0	42.2	201.0	19.5	220.5	21.0	91.2
1989	107.2	127.3	24.8	* 1.5	26.4	153.6	10.6	164.2	17.2	93.5
1990 to survey date	60.7	91.3	37.1	* 1.5	38.6	129.9	10.6	140.6	29.7	92.4
Age —										
15	* 2.9	4.7	* 2.6	* 0.8	* 3.4	8.2	* 2.2	10.4	* 42.1	79.1
16	18.6	25.4	11.1	* 0.3	11.4	36.8	5.4	42.3	31.0	87.1
17	55.6	72.4	22.4	* 1.1	23.4	95.8	8.2	104.0	24.4	92.1
18	101.0	124.0	31.7	* 2.0	33.6	157.7	12.9	170.5	21.3	92.5
19	128.7	150.8	33.3	* 1.9	35.2	186.1	16.5	202.6	18.9	91.9
ATTENDING A TERTIARY EDUCATIONAL INSTITUTION FULL TIME										
Males	* 2.2	31.3	* 2.8	12.5	15.2	46.5	44.7	91.2	32.7	50.9
Females	* 3.3	51.8	* 0.7	12.7	13.4	65.2	53.6	118.8	20.5	54.9
Persons	5.5	83.1	* 3.4	25.2	28.6	111.7	98.3	210.0	25.6	53.2
Left school—										
Before 1989	* 1.9	13.2	* 0.9	* 3.4	4.3	17.4	12.6	30.0	24.5	58.1
1989	* 1.8	34.1	* 0.9	8.1	9.0	43.1	35.0	78.0	20.9	55.2
1990 to survey date	* 1.8	35.9	* 1.6	13.7	15.3	51.2	50.8	101.9	29.9	50.2
Age—										
15 and 16	* 0.7	* 2.9	* 1.0	* 0.3	* 1.3	4.2	* 3.3	7.5	* 31.2	55.7
17	* 1.0	11.2	* 0.7	3.8	4.5	15.7	15.1	30.8	28.6	51.1
18	* 1.0	30.2	* 1.0	11.0	12.0	42.2	43.1	85.3	28.4	49.5
19	* 2.8	38.7	* 0.7	10.1	10.8	49.5	36.8	86.3	21.8	57.4
ATTENDING SCHOOL										
Males	* 1.8	70.8	* 3.2	19.3	22.5	93.3	226.9	320.3	24.1	29.1
Females	* 1.0	81.8	* 1.8	18.7	20.5	102.3	202.9	305.1	20.0	33.5
Persons	* 2.8	152.6	5.0	38.0	43.0	195.6	429.8	625.4	22.0	31.3
Age—										
15	* 0.6	49.4	* 1.6	17.0	18.6	68.0	174.4	242.4	27.4	28.1
16	* 1.2	61.1	* 2.3	10.8	13.1	74.2	139.3	213.5	17.6	34.8
17	* 0.8	36.1	* 0.9	8.2	9.1	45.1	91.0	136.1	20.1	33.1
18 and 19	* 0.3	6.0	* 0.2	* 2.0	* 2.3	8.3	25.2	33.5	* 27.3	24.8
TOTAL										
Males	184.0	310.2	65.2	34.8	100.0	410.2	286.9	697.1	24.4	58.8
Females	131.2	302.9	44.2	34.5	78.7	381.7	286.3	668.0	20.6	57.1
Persons	315.2	613.1	109.5	69.2	178.7	791.8	573.3	1,365.1	22.6	58.0
Age—										
15	3.6	54.8	4.2	18.1	22.2	77.0	177.2	254.2	28.9	30.3
16	20.3	88.8	14.4	11.2	25.6	114.4	147.4	261.8	22.4	43.7
17	57.3	119.7	23.9	13.0	37.0	156.7	114.3	271.0	23.6	57.8
18	102.3	159.6	32.7	14.7	47.4	207.0	75.7	282.7	22.9	73.2
19	131.6	190.2	34.2	12.3	46.5	236.8	58.7	295.5	19.7	80.1

(a) The components of the 'left school' category in the 'Not in labour force' column do not add to the total because institutionalised persons are not asked the 'school attendance' question. * Subject to sampling variability too high for most practical uses. See paragraph 6 of the Technical Note in 6203.0.

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